

**TESTIMONY SUBMITTED TO THE SUBCOMMITTEE ON DEPARTMENT
OPERATIONS, OVERSIGHT, NUTRITION AND FORESTRY OF THE
COMMITTEE ON AGRICULTURE OF THE UNITED STATES HOUSE OF
REPRESENTATIVES**

By

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On Behalf of

THE FOREST LANDOWNERS ASSOCIATION

Regarding

A COMPREHENSIVE FARM BILL

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In

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Introduction

The Forest Landowners Association (FLA) is a not-for-profit organization comprised of over 10,000 individual dues paying members. We reach over 160,000 landowners, managers and recreational users of the forest through our publications. The Forest Landowners association celebrates our 60th anniversary in 2001. FLA's purpose is to support, through advocacy, education and information, forest landowners' responsible management of private property (including non-industrial private forestland).

As one the largest private forest landowner organizations in the country, it is our belief that **research and education programs** such as those available through RREA and CREES **are the most appropriate use of government funding**. Where other government programs exist, **we prefer programs that provide tax-based incentives** rather than direct cash subsidies. Where subsidy programs exist, they should be efficiently run and use private sector service providers to the maximum extent possible.

Private forest landownership, with its millions of diverse land management strategies, is one of this country's greatest success stories. Privately managed forests are more productive and abundant today than at anytime in the last hundred years. Every American enjoys the bounty of these forests through clean water, clean air, recreational opportunities, and the thousands of forest products derived from our 423 million acres of privately owned forestlands. Private forest landowners are motivated toward responsible management of their family forests through the self-interest of productivity and other values over multiple generations. With the recognition that America's forestlands are a vital resource that should be protected through responsible management, both the public and private sectors have begun to focus on the challenges facing this and future generations. Much of this focus has centered on privately owned forest lands which produce most of the nation's forest products.

Recent government studies have documented in detail the extensive array of issues private forest landowners face when trying to manage their property in a responsible manner. Not surprisingly, many of the difficulties are a direct result of policies emanating from Washington, D.C. In A National Investment in Sustainable Forestry, the National Coalition for Sustaining America's Nonfederal Forests found that "the nation's nonfederal forests, especially non-industrial privately owned forests, are being rapidly altered by urbanization, fragmentation, forest health problems, and increased harvesting pressures."¹ In spite of the burdens of federal rules, regulations, and shortsighted policies, private forest lands in this country are amazingly resilient and productive. Several factors figure prominently into the current state of affairs in forestry.

¹ National Coalition for Sustaining America's Nonfederal Forests (NCSANF). (2000). A National Investment in Sustainable Forestry: Addressing the Stewardship of Nonfederal Forestlands through Research, Education, and Extension/Outreach, p.1.

The nation's dependence upon non-industrial private forest landowners is growing, as timber production shifts from public to private lands, with federal forest timber harvests only at one-third of peak levels just a decade ago.²

As the management of private forestland comes under greater environmental and regulatory scrutiny, it is clear that the private forest landowner needs to be fully aware of all the tools available to cope with the increasingly complex issues of forest land use and management.³ It is important that government and private sectors work together to insure that forest landowners are encouraged by the correct policies and incentives to assure a healthy and productive forest. **We believe this will best be accomplished through programs that will support research and education initiatives and tax incentive based programs over direct cash payment programs.**

Specific Recommendations

Maintaining and enhancing the Nation's private forests may be accomplished through a balanced partnership between private enterprise and government assistance. The Forest Landowners Association recognizes the challenges we face to maintain healthy productive forests, and sincerely hopes that Congress will address these needs during the formation of the 2002 Farm Bill (and subsequent legislation).

Towards this objective, FLA would like to make the following specific recommendations to Congress regarding the 2002 Farm Bill and subsequent legislation (including future budgetary measures).

McIntire-Stennis Cooperative Forestry Research

The Cooperative Forestry Research Program (McIntire-Stennis Act) supports long-term research and scientist training efforts at the nation's public land-grant universities and colleges.⁴ The McIntire-Stennis program increases the efficiency and productivity of private forestland by providing "for cutting-edge research on productivity, technologies for monitoring and extending the resource base, and environmental quality."⁵ In addition, the program has assisted in the completion of over 7,500 masters degrees and 2,200 doctoral degrees in forest resources fields.⁶

² National Council on Private Forests (NCPF). (2001). Working Paper on Farm Bill Forestry Title Priorities. Unpublished manuscript, p. 1. Also: NCSANF, p. 3.

³ Brown, Dr. Perry J. (2001). Testimony submitted to the Subcommittee on Agriculture,

The program's objectives fulfill several areas of need within the forestry community. The McIntire-Stennis Cooperative Forestry Research program:

- "Significantly enhance[s] sustainability and productivity of nonfederal forests;
- "Increase[s] the financial contributions of nonfederal forests to benefit landowners, the rural community, state and national economies, and environmental values; and
- "[Helps] conserve and sustain the nonfederal forests and other natural resources for future generations."⁷

The McIntire-Stennis program has a funding authorization of \$105.0 million per year.⁸ However, the program has never been funded at its authorized level; the enacted FY2001 budget only allocated \$21,932,000 for the program (approximately one-fifth of its authorized level).⁹ This reduced funding is even more disturbing when viewed through the knowledge that McIntire-Stennis funds are matched by three dollars from states and universities for every Federally supplied dollar provided by Congress.¹⁰

FLA recommends that Congress fully fund the McIntire-Stennis Cooperative Forestry Research program at its authorized level of \$105.0 million per year. We believe that this funding is vital to the eventual sustainability of America's forests. As stated in the NCSANF report, "[These] funds would be used to create about 500 new campus-based faculty positions addressing forest resources needs."¹¹ FLA is cognizant of the enormity of such a request; therefore, we would support a gradual increase of McIntire-Stennis funding over the lifespan of the 2002 Farm Bill until funding matches the \$105.0 million per year authorization level. Such a recommendation is consistent with the recommendations of the June 2000 A National Investment in Sustainable Forestry report by the National Coalition for Sustaining America's Nonfederal Forests, and other forestry organizations such as the NCPF and NAPFSC.¹²

Sustainable Forestry Outreach Initiative and Renewable Resources Extension Act

FLA supports the establishment of the Sustainable Forestry Outreach Initiative (SFOI), a new program proposed by the National Council of Private Forests (NCPF), and the reauthorization and expansion of the Renewable Resources Extension Act (RREA).

The SFOI program would be designed to educate private forest landowners about three main areas.

⁷ Brown (2001), p. 2.

⁸ NCSANF, p. 16.

⁹ Brown (2001), p. 1.

¹⁰ Ibid., p. 2; NCPF, p. 6.

¹¹ NCSANF, p. 16.

¹² Ibid., p. 16.

- The value and benefits to private forest landowners managing their lands to meet their objectives.
- The importance of professional forestry advice to private forest landowners in managing their lands;
- The variety of public and private sector resources available to assist private forest landowners in planning for and practicing forestry.¹³

The program would be funded through the U.S. Department of Agriculture Cooperative State Research, Education, and Extension Service (CSREES), and would be implemented with the assistance of various non-government organizations, including members of the NCPF (such as FLA), State Foresters, and Universities and Colleges.

A major, if not the major, thrust of SFOI would be the reauthorization and expansion of the Renewable Resources Extension Act (RREA). RREA is the leading forestry extension program, tackling critical forestry and related natural resources extension and stewardship needs in states, while also addressing critical issues of forest management for productivity and environmental quality on non-federal private forestlands.¹⁴ The program is administered by the U.S.D.A. CREES,¹⁵ and is the foundation of university outreach and extension efforts.¹⁶ RREA programs help to “(1) solve immediate problems; (2) transfer research technologies and new knowledge; and (3) increase [forest landowner] awareness of the benefits of active [forest] management.”¹⁷

RREA has received consistent support from forestry organizations, including the NCPF and the National Association of Professional Forestry Schools and Colleges (NAPFSC).¹⁸ However, the program is consistently funded below its congressional authorized level of \$15.0 million per year; the enacted FY2001 budget only allocated \$3,192,000 for the program.¹⁹ It is apparent that funding levels must be increased to fulfill the extension and outreach objectives of RREA.²⁰ We agree with NAPFSC and NCPF that Congress finally funds RREA at its full \$15.0 million authorized level as soon as possible.

¹³ NCPF, p. 4.

¹⁴ Ibid., p. 4.

¹⁵ Brown (2001), p. 3.

¹⁶ “[RREA] funds extension efforts that are a model of partnership between the U.S.D.A. and State Universities and Land Grant Colleges.” NCPF, p. 4.

¹⁷ Brown (2001), p. 3.

¹⁸ Brown, Dr. Perry J. (2000). Testimony submitted to the Subcommittee on Agriculture, Rural Development, FDA, and Related Agencies of the House Appropriations Committee, FY2001 CSREES Budget. Online: www.napfsc.org/creestest.htm.

¹⁹ Brown (2001), p. 1.

²⁰ Ibid., p. 3; NCPF, p. 4.

A second emphasis of the SFOI would be the enabling of non-governmental organizations (such as FLA) to deliver or facilitate the delivery of forestry advice and expertise to private forest landowners.²¹ With over 4.1 million private forest landowners with forested tracts of land larger than 10 acres,²² and nearly six million landowners owning 1 to 9 acres, it is important to utilize groups and organizations with the capacity to reach many of these landowners with SFOI targeted information. **We support delivery of on the ground services, to the maximum extent possible, through the private sector.**

We concur with the National Council of Private Forest that the value of SFOI would be its targeted approach towards outreach and extension efforts, and its delivery through non-governmental organizations (such as FLA), extension foresters, universities and colleges, and professional foresters. This program would provide private forest landowners the chance to examine and explore opportunities to improve land conditions and values, while providing the public with the benefits of improved forest management. Most importantly, the costs to the government would be minimal; the government would fund the education of private forest landowners through SFOI (and its programs such as RREA), while actual improvements would be paid for by private forest landowners putting into practice forest management techniques learned through programs such as SFOI and RREA.²³

The NCPF has recommended a program authorization of \$45.0 million per year for SFOI. This would comprise a \$15.0 million renewal of the previous authorization for RREA, and an additional \$30.0 million authorization for SFOI implementation and RREA expansion. FLA concurs with this recommendation.

However, if Congress should decide not to pursue the SFOI program, FLA still strongly recommends a minimum reauthorization of RREA at a \$15.0 million level, with the program being fully funded to its authorized level. Such a move would be consistent with the views of other forestry organizations (such as NCPF and NAPFSC), and also the June 2000 A National Investment in Sustainable Forestry report by the National Coalition for Sustaining America's Nonfederal Forests.²⁴

We urge language be added to the bill that direct, on-the-ground services be provided by the private sector to the maximum extent possible.

Incentive Programs

The Forest Landowners Association has traditionally been opposed to government programs centered on cash grants, and instead has favored tax incentive programs (i.e.,

²¹ NCPF, p. 4.

²² Ibid., p. 4.

²³ Ibid., p. 5.

²⁴ NCSANF, p. 16.

revisions in the tax code) for private forest landowners. Our objection to these cash-grant programs have often centered on several factors.

- Its sends the message that forest management is not economically viable and therefore requires public welfare payments.
- Experience shows that it is a disincentive to landowners who feel they must wait on government assistance to plant trees. Some landowners will actually discontinue planting, or other management practices, in an effort to hold out for government welfare payments.
- It is inefficient to run money through the government programs. After government overhead is removed only a small percentage of dollars allocated actually ends up helping forest landowners.
- It discriminates against under-served landowners who rarely if ever receive benefit from these programs.

Tax incentives usually remedy the problems that FLA finds inherent in government cash grant programs.

- Tax credits are positive incentives and equally available to everyone.
- Tax incentives are efficient because nothing is run through government bureaucracy.
- The landowner chooses to spend his or her own money – welfare payments are not needed or required.
- Tax incentives are not subject to the authorization/full funding problems of cash grant incentives and are equally available to all citizens.

Perhaps the biggest problem with government cash grant programs, however, was written about by William C. Humphries, Jr., in the Fall 1993 issue of The Consultant. Cash grant programs are “aimed at the greatest number of people rather than the greatest number of forest land acres.”²⁵ However, according to a report by the U.S. Forest Service, eighty-one percent of the forestland in the South in the 50-plus acre ownership class is owned by only twelve percent of forest landowners.²⁶

If grant program funds are distributed based on an ownership pattern, it stands to reason that only 12% of funds will go to private landowners in the 50-acre plus ownership class, while 88% of funds will go to only 19% of privately owned

²⁵ Humphries, William C. Jr. (1993). Cash Government Grants vs. Tax Incentives, The Consultant, p. 1.

²⁶ Ibid., p. 1.

acreage. Government grant programs cannot be effective at influencing forest stewardship when the vast majority of land is effectively ignored?²⁷

In short, FLA generally agrees with Humphries that “cash grants [to private forest landowners] never have been and never will be [a fair and] effective policy.”²⁸

However, the Forest Landowners Association recognizes the political reality that government direct cash subsidy programs are popular with elected officials, constituents, and the bureaucracy, and therefore will remain in place. Therefore, in light of this recognition, **FLA urges any and all changes to these direct cash subsidy programs that would increase the effectiveness and efficiency of such programs.**

FIP/SIP. FLA supports the NCPF proposal to merge the Forestry Incentives Program (FIP) and the Stewardship Incentives Program (SIP) into a new program called the Sustainable Forestry Incentives Program (SFIP).²⁹ While both programs were well-intentioned efforts, they have failed to live up to expectations due to lack of funding and support and general inefficiency. The new program should be designed to complement forestry outreach and extension efforts, and offer technical advice to private forest landowners, including conservation efforts.³⁰ **This program should be delivered via the private sector, to the maximum extent possible.** Moreover, FLA supports technical changes to the program, including the following.

- The program would be operated by state foresters (or equivalent positions), and overseen by the U.S. Forest Service State and Private Forestry Program.
- The program will establish “one-stop shopping” for non-industrial private forest landowners, with state foresters assisting landowners in tailoring programs to fit landowner objectives.
- The new program would include funds for a broad array of conservation efforts, such as “sustainable timber production; agroforestry practices such as shelterbelts and windbreaks; forest wetland and riparian area management; water quality and watershed protection and management; energy conservation and carbon sequestration; wildlife habitat enhancement; invasive species management; forest fire risk reduction and recovery; and forest management planning.”³¹

Wildlife Habitat Incentive Program (WHIP). The Wildlife Habitat Incentive Program (WHIP) is designed to help private forest landowners improve wildlife habitat on private forestlands, and provides cost-share funding to develop habitat for upland

²⁷ Ibid., p. 1.

²⁸ Ibid., p. 2.

²⁹ NCPF, p. 3.

³⁰ Ibid., p. 3.

³¹ Ibid., p. 3.

wildlife, wetland wildlife, endangered species, fisheries, and other wildlife.³² FLA recommends that WHIP funds be steered towards non-industrial private forest landowners, as consistent with NCPF recommendations.

In addition, FLA supports making these funds available to private forest landowners for developing Habitat Conservation Plans (HCPs) and Safe Harbor Agreements (SHAs) pursuant to the Endangered Species Act (ESA). From a practical standpoint, FLA believes that this will more easily allow private forest landowners to comply with the requirements of the ESA. From a philosophical standpoint, we believe that such a move would be consistent with our belief that Congress should provide the funding for any and all congressional mandates, whether they impact state and local governments, or the non-industrial private forest landowner.

Conclusion

The Forest Landowners Association is firmly committed to the goal of good care for the nation's forests, and believes that both government and non-government organizations should work to promote efforts that advance this important objective. FLA believes that a combination of research, extension, outreach programs, and improvements in incentive programs, within the structure of our private enterprise and free market system, will continue the success story of America's Forests.

³² National Research Council. (1998). Forested Landscapes in Perspective. Washington, DC: National Academy Press, p. 199; NCPF, p. 5.